

MID-TERM EVALUATION:
THE PSI/PARAGUAY SOCIAL MARKETING PROGRAM
(Cooperative Agreement No. 526-00-A-97-00004-00)

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Prepared by Pamela Faura and Elizabeth Eggleston

**USAID/Paraguay
Juan de Salazar 364
Asuncion, Paraguay
tel: (595-21) 220-715/20
fax: (595-21) 213-732**

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EXECUTIVE SUMMARY

Introduction

In September 1997, USAID/Paraguay awarded Population Services International (PSI) a four-year cooperative agreement in the amount of US\$2,393,614 to implement the “Paraguay Social Marketing Program” (PSMP). The goal of the PSMP is to improve the reproductive health of Paraguayans, especially adolescents and young adults and men and women in rural and periurban areas, by making condoms accessible and implementing information, education and communication (IEC) campaigns to increase the demand for family planning methods. As there existed no local organization capable of partnering with PSI to implement the PSMP, PSI established PROMESA as an NGO dedicated to social marketing.

In May-June, 2000 a mid-term evaluation was conducted to assess the performance of PSI and its local affiliate, PROMESA, in achieving results as stated in PSI’s cooperative agreement with USAID. The evaluation focused on PSI/PROMESA’s progress in the three areas of activity: 1. condom marketing and distribution; 2. family planning IEC; and 3. institutionalization and sustainability.

Marketing and Distribution. Although *Pantera* sales have not been remarkable (304,780 units in 1998, 526,002 in 1999, and 184,897 in the first quarter of 2000), the impact of *Pantera* can be measured in other ways. For example, *Pantera* achieved a 23.5% market share after just 18 months on the market, second only to Sultan’s 45%. In addition, *Pantera* is purchased more than other brands by Paraguayans who are rural, young (15-24 years old) and low income, the populations that comprise PROMESA’s target group.

Pantera sales in nontraditional outlets have been far lower than anticipated at the project’s start. At the end of 1999 (year 2), *Pantera* was being sold in just 7% of the nontraditional outlets; the project’s target was 10% by the end of year 1. PROMESA uses a broad distribution strategy to reach its target groups and does not employ a specific strategy to make condoms more accessible to adolescents, the project’s primary target. Other condom distributors have followed PROMESA’s efforts to open the nontraditional market and are now marketing their products in nontraditional outlets.

Marketing and distribution recommendations include:

- Improve professional relations with distributor partners and explore methods to motivate PROMESA salesmen to focus more on opening new nontraditional outlets
- Conduct a strategic planning workshop to define a distribution strategy that the most effective means of reaching each of PROMESA’s target groups.

Information, Education and Communication. PSI/PROMESA conducts information, education and communication (IEC) activities at the local and national levels to increase demand for all family planning methods. PROMESA's IEC activities include the use of a Mobile Video Unit, printed materials and radio and television spots. In addition, PROMESA's popular *Arte y Parte* project is specifically designed to reach adolescents. An evaluation of *Arte y Parte* was conducted in October 1999 as part of the USAID-funded FOCUS on Young Adults Project.

The MVU is a four-wheel-drive vehicle outfitted with audiovisual equipment and staffed by a health communicator who presents a combination of entertaining and educational materials about reproductive health. The MVU is a unique way to reach rural and low-income communities with limited access to health information. However, about half the audience at the observed MVU presentation consisted of young children and adults over age 35. Very limited monitoring and evaluation of the MVU and PROMESA's other IEC activities have been conducted

IEC recommendations include:

- Given the MVU's high cost, PROMESA may want to reconsider its use, or at least modify the strategy of its presentations to general audiences.
- PROMESA should guard carefully against technical errors in its products and materials.
- There is a need for some simple monitoring and evaluation to assess the appropriateness of the IEC strategies.

Institutionalization and Sustainability.

Institutionalization. Since its creation in 1997, PROMESA has grown to an organization of 22 employees. It has played a leading role in breaking societal taboos against talking openly and directly about sexuality, particularly with adolescents. Considerable attention has been given to building PROMESA's internal structure, developing an identity and objectives, and defining policies and procedures. PROMESA has implemented numerous activities to address sustainability. PROMESA staff are hard-working, professional and committed to social change.

PROMESA has an informal structure and management style that gives employees freedom to manage their own time and projects without excessive oversight. However, employees at all levels commented that they could benefit from more guidance in carrying out their responsibilities.

One of PROMESA's strengths is its relationship with the experienced and well-established PSI. PSI staff have made numerous trips to Paraguay to offer short-term training and technical assistance. However, PROMESA staff have limited communication with PSI/Washington and only rarely seek technical assistance from Washington.

In a little over one year, PROMESA is scheduled to have its first Paraguayan director. It does not appear that the organization has begun seriously planning for this major transition.

Most staff commented that communication within the organization could be improved. Division managers have regular contact with the director in weekly meetings, but other staff have very limited interaction with the director; all-staff meetings are held only a couple of times per year. Many staff have poor understanding of PROMESA's goals and objectives. When asked, most staff, could not identify PROMESA's target groups.

Institutionalization recommendations include:

- Hold regular all-staff meetings to facilitate communication and staff awareness of PROMESA's mission, target groups and activities.
- The Executive Director should encourage staff to establish relations with colleagues at PSI/Washington and seek assistance from PSI/Washington when needed technical assistance is not available at PROMESA.
- PROMESA employees would work more effectively with closer guidance and direction.
- In the upcoming year, PROMESA should begin developing a plan for the organization's transition to Paraguayan leadership.

Sustainability. PROMESA's current cost recovery is lower than planned (4.3% in 1998-99) due to factors such as lower than expected condom sales and lack of cross-subsidy products. PROMESA states that it will have three cross-subsidy products on the market by the end of Year 4: multivitamins, flavored oral rehydration salts (ORS) and the female condom.

PSI/PROMESA's reliance on USAID as its main donor has decreased from 94% in 1997 to 82% in 2000. To date, USAID funding totals US\$3,075,830, and non-USAID donor funding totals US\$466,822.

Financial sustainability recommendations include:

- PROMESA needs to clarify its definition of a cross-subsidy product and price products accordingly. If a product is intended to generate income to help support the social marketed products, it should be priced competitively rather than given a low price to reach low-income populations.
- PROMESA should strengthen its efforts to promote its image through more and continued press coverage and collaborations with other NGOs and the MOH to help attract additional donor funding for PROMESA as a local NGO.
- Future sustainability assessment should include a measure of the effectiveness and cost efficiency of various activities, including mass media advertising, *Arte y Parte*, and the MVU.

INTRODUCTION

Paraguay currently has an estimated population of 5.5 million people and a fertility rate of 4.3 births per woman. Fertility is significantly higher among rural women, 5.6, than among urban women, 3.2. Approximately 57% of women use a method of contraception, 48% modern methods and 5% traditional methods. About 49% of rural women use a contraceptive method, compared to 65% of urban women. Adolescents are the age group least likely to use family planning. Just 42% of adolescent females in union use family planning compared to 57% of 20-24 year-old women. Although the country has made strides in improving the reproductive health of its population, rural women continue to have contraceptive usage rates that are substantially lower, and fertility rates higher, than the rates of urban and periurban women.

The political climate of Paraguay has been and continues to be a key determinant of the success of reproductive health programs in that country. A 1989 coup ended the 34-year Stroessner dictatorship, during which time pronatalist policies and opposition from the Catholic Church resulted in the absence of any family planning activities from the public sector. The 1992 National Constitution established the right of all persons to family planning services, and improving reproductive health has been a stated priority of the government since that time. However family planning suffered a setback in 1998 because the Minister of Health at that time was opposed to all modern methods of contraception. A new Minister of Health was appointed in March 1999, and modern methods of contraception are once again a priority of the national agenda.

In September 1997, Population Services International (PSI) was awarded a four-year cooperative agreement in the amount of US\$2,393,614.00 by USAID/Paraguay, to implement the "Paraguay Social Marketing Program" (PSMP) in Paraguay. PSI made a counterpart contribution of US\$200,000. The PSMP supports USAID/Paraguay's 1996-2000 Special Objective, *Increased use of voluntary family planning services*. The goal of the PSMP is to improve the reproductive health of Paraguayans, especially adolescents and young adults and men and women in rural and periurban areas, by making condoms accessible to these target groups and by implementing national information, education and communication (IEC) campaigns that will increase the demand for family planning methods. As there existed no local organization capable of partnering with PSI to implement the PSMP, PSI established PROMESA as an NGO dedicated to social marketing.

A team of two consultants, Ms. Pamela Faura, PSI Country Representative for Cuba and the Dominican Republic and former Country Representative for Paraguay, and Dr. Elizabeth Eggleston, Senior Technical Advisor for Reproductive Health, USAID/Paraguay, conducted the mid-term evaluation of the program. The evaluation field visits were carried out in the field from May 22 –

31, 2000. The purpose of the evaluation was to assess the performance of PSI and its local affiliate, PROMESA, in achieving results as stated in the cooperative agreement, for the period October 1, 1997 through March 31, 2000, and to make recommendations for enhancing the project's efficiency and effectiveness.

The methodology of the evaluation included review of existing written project documents, reports and media products; interviews with project staff, USAID representatives, members of the board of directors of PROMESA, distributors, and research agencies and other key stakeholders; and site visits to sales outlets in Asunción and the Interior (outside Asunción) and to a presentation of PROMESA's Mobile Video Unit (MVU) in a periurban area of Asunción. See Appendix 1 for a list of persons interviewed and Appendix 2 for a list of the documents reviewed.

The report is organized to respond to the specific results outlined in the cooperative agreement: Result 1: Social marketing condom brand achieves widespread distribution; Result 2: Quality and quantity of family planning IEC services are improved; and, Result 3: PROMESA institutionalized and progressively sustainable. In each section, the report includes background and general information, specific findings and recommendations for each result.

PROGRAM EVALUATION

A. Result 1: Social marketing condom brand achieves widespread distribution.

Indicators for this result include: 1) condom sales and 2) the percent of nontraditional outlets carrying the PSMP condom brand.

1. Background and General Information

An April 1997 supplement to the original PSMP proposal provides clarification on the condom marketing options and financial model proposed by PSI. PSI participated in meetings with *Sultan* manufacturer, Ansell, and local *Sultan* distributor, PROCON, to explore options of either repositioning the *Sultan* brand or developing a second, less expensive Ansell brand that would be tailored to the specific needs and desires of the PSMP's target populations. This strategy was pursued in order to minimize impact on the current commercial condom market.

Ansell/PROCON did not accept PSI's options, and the decision was made in the first quarter of 1998 for PSI to introduce its own condom brand that would fill a void in the current condom market, positioned and priced between the public sector condom and the least expensive commercial brand. The PSI/Bolivia social marketing program's condom, *Pantera*, along with its logo, packaging and slogan, was selected for introduction in Paraguay. With condoms provided by

USAID, PROMESA began distributing *Pantera* to nontraditional outlets in July 1998.

Social marketing bases the selling price of a product on market research and on a price that is within the buying power of potential low-income consumers. A two-pack of *Pantera* is sold to the Paraguayan consumer for 1,000 guaraníes (Gs.), or approximately US\$.30 (US\$.15 per condom unit).

Table 1 shows PSI/PROMESA's target indicators. The target of 5,000,000 condom sales in Year 1 (the 1997 Paraguayan condom market was estimated at 4.3 million at that time) and 10,000,000 in Year 4 assumed that the PSMP brand would be a repositioned *Sultan*, thereby building on an existing brand equity. As stated previously, discussions with Ansell/PROCON did not produce the intended result and PROMESA introduced its own condom brand, *Pantera*. In 1999, PROMESA revised its targets, indicated in the second row of Table 1. The revised figures also took into account USAID/Paraguay's request that PROMESA not distribute the social marketing condom brand to pharmacies. This decision was later reversed in mid-1999, largely because many pharmacies also served as distributors to other outlets. PROMESA's year 2000 workplan included the revised sales targets for *Pantera*.

Table 1: PSI/PROMESA Target Performance Indicators

Lower Level Result	Indicator	1998	1999	2000	2001 (9 mos.)
Result 1: PSMP condom brand achieves widespread distribution	1. Condom sales (targets from original PSMP)	5,000,000	6,500,000	8,000,000	10,000,000
	2. Condom sales (targets revised in 1999)	400,000	750,000	750,000*	750,000
	3. Percent of nontraditional outlets carrying PSMP condom brand	10%	20%	30%	40%

*The target for 2000 is identical to 1999 because it was based on actual sales in 1999 of 526,002 and, therefore, represents a 42.5% increase.

In August 1999, PROMESA subcontracted a market research firm (ICA) to conduct six store audits, one every two months, in order to determine condom market share and the size of the overall condom market. The current commercial condom market is estimated at 4.9 million units, representing an increase of 14% in three years. Paraguay's conservative social climate and the economic recession that began about one year ago may have influenced this slow rate of increase in condom sale. ICA suggested that competition from *Playboy*, a low-

priced (3/1,000 Gs.) condom introduced in early 1999, might also contribute to the lower-than-anticipated sales of *Pantera*.

The store audits indicate a slow, steady growth trend for *Pantera*, especially in the Interior. Sales are higher in the central and southern regions of the country and lower in the east (border with Brazil). ICA suggested this may be due to competition with inexpensive condoms that come over the border from Brazil. Although *Pantera* sales have not been remarkable (304,780 units in 1998, 526,002 in 1999, and 184,897 in the first quarter of 2000), the impact of *Pantera* can be measured in other ways:

- According to the January/February 2000 store audit, *Pantera* achieved a 23.5% market share after just 18 months on the market, second only to Sultan's 45%.
- *Pantera* is being sold in 2,000 nontraditional outlets that previously did not sell condoms.
- Store audits indicate that condom brands *Sultan* and *Preventor* are now being sold in many of the nontraditional outlets where *Pantera* is sold, perhaps thanks to the efforts of PROMESA to open this market.
- A KAP (Knowledge, Attitudes and Practices) study conducted by PROMESA at the end of 1998, indicated that *Pantera* was the condom brand most recognized (82%), followed by *Sultan* (73.4%).
- *Pantera* was being purchased more than other brands by people identified as rural, young (15-24 years old) and low income, the populations that comprise PROMESA's target group.

The target indicator, *percentage of nontraditional outlets carrying the PSMP condom brand increased from 10% in year 1 to 40% in year 4*, was based on a 1996 estimate of 16,000 nontraditional outlets. Sales in nontraditional outlets have been far lower than anticipated at the project's start. At the end of December 1999, *Pantera* was being sold in 1,156 nontraditional outlets, or 7% of the nontraditional outlets counted in 1996, and in 2,652 traditional outlets. By the end of May 2000, *Pantera* was being sold in 4,875 outlets (both traditional and nontraditional) and, although PROMESA expects to exceed its target of 5,000 outlets by the end of the year, *Pantera*'s presence in nontraditional outlets is expected to remain well below original projections. Factors that have contributed to a slower progress than planned in the nontraditional sector include:

- PROMESA was not permitted to sell *Pantera* to pharmacies until May 1999. PROMESA claims this may have had an impact on the credibility of *Pantera* as a quality condom to the nontraditional retail owner. (In other PSI projects, the condom brand is sold simultaneously in traditional and nontraditional outlets).
- Storekeepers over age 50 were found unlikely to agree to sell condoms.

- The PSMP distribution strategy was revised in mid-1999 to include traditional outlets such as pharmacies and chain supermarkets. This may have resulted in salesmen being less eager to seeking out new nontraditional outlets, as larger volume sales were easier to complete at pharmacies and supermarkets.

2. Findings: Marketing

Product

PROMESA salesmen reported that there have been occasional comments from retailers that some clients have complained about the small size of the condoms or that they tore.

The salesmen interviewed also stated that, according to their retail customers, the biggest barrier to *Pantera*'s acceptance is that consumers do not completely trust the product because they equate low price with low quality. The evaluator confirmed this opinion during the interviews conducted with two distributors and with retailers during the site visits to outlets.

One of the PROMESA salesmen in Asunción stated that he has received comments from some of his larger retail customers complaining about the expiration date on *Pantera* (February 2001). PROMESA uses a three-year expiration date, which is recommended, for countries with hot, tropical climates such as Paraguay. Other major condom brands were found to use the five-year expiration date.

Price

All but one of the 60 outlets visited, were found selling *Pantera* for 1,000 Gs. The 1998 KAP conducted by PROMESA indicated that 89% of those interviewed knew that the price of *Pantera* was 1,000 Gs. This was likely due to the fact that the price is printed on the packaging and on the point-of-sale posters.

Distribution and Sales

Distribution Strategy

The original distribution strategy of the PSMP called for making condoms available in nontraditional outlets frequented by its target groups such as, motels, small grocers, convenience stores, kiosks, *pancheros* (portable food carts), bars, beauty shops, barbers, bus terminals, etc. As previously mentioned, this strategy was revised in May 1999 to include pharmacies, which also serve as distributors to other outlets. *Pantera* sales increased by 75% between May 1999, when PROMESA launched a new advertising campaign and began selling *Pantera* to pharmacies, and September 1999. PROMESA's Sales and Marketing Manager

felt that the boost in sales had more to do with the new advertising campaign than the expansion to pharmacies, where *Sultan* has had a long and strong presence.

PROMESA decided that its original target groups were too broad to reach effectively and revised them in their 2000 Workplan. The current target groups are:

- Primary target group: 1) youth (15-24) in periurban and rural areas;
- Secondary target groups: 1) low income, adults (25-34) in urban, periurban and rural areas and 2) high-risk populations such as commercial sex workers and their clients, truck drivers, soldiers and migrant workers.

It was surprising to discover that the project still follows a broad distribution strategy to reach these target groups. For example, there was no specific distribution strategy to make condoms more accessible in outlets frequented by youth, the project's primary target.

The evaluators found that most staff were unaware that the target groups had changed and could not name either the new or the former target groups. While some, but not all, division managers could name PROMESA's main target groups, they were not aware of the last target subgroup.

Trade Margins

Social marketing offers competitive margins to distributors, wholesalers and retailers to stock, promote and sell the social marketed product. And, in theory, high sales volume should make up for the commission on a low-priced product such as a condom. When sales of *Pantera* did not result in the expected increase anticipated from entry into pharmacies, PROMESA revisited their margin structure and found that it was less than competitive. A change in price structure was instituted in October 1999 (see Table 2), after which time distributors bought more stock and sales increased.

Table 2: *Pantera* Margin Structure (from 2000 Workplan)

Distribution Level	Price*	Margin
Distributor	Gs. 500 (\$.14)	40%
Wholesaler (usually sells directly to the consumer)	Gs. 600 (\$.17)	66%
Retailer	Gs. 700 (\$.20)	43%
Consumer	Gs. 1,000 (\$.28)	

*Exchange rate: US\$1 = Gs. 3500

Distribution Channels

PROMESA employs two main distribution channels: subcontracts with national distributors and its own team of five sales agents who report to the PROMESA Sales and Marketing Manager.

PROMESA staff commented on their continued disappointment with the results of their main distributor, *Aconcagua*. PSI Marketing Manager, Françoise Armand, reviewed this issue during her March 1999 visit to provide technical assistance to PROMESA. At that time she took part in a meeting between PROMESA and *Aconcagua*'s sales supervisor and territory manager and proposed a strategy that would lead to a healthier relationship between the two organizations. This included PROMESA salesmen turning over new traditional outlets to *Aconcagua*. Unfortunately, *Aconcagua* soon had a major turnover at the management levels and PROMESA's Sales and Marketing Manager did not meet with the new managers to follow up on Ms. Armand's proposed strategy. PROMESA's salesmen stopped turning over their new outlets to *Aconcagua* after about six months (September 1999), stating to the evaluator that they were not anxious to turn over their outlets and future sales to one of the distributors without a strategy to compensate for this loss in sales commission.

The same issues remain unresolved: a.) the competition between the distributor and PROMESA salesmen for the same sales outlets and b.) the advantage that PROMESA's salesmen have of a lower price and more incentive items to offer the retailer served as a disincentive to *Aconcagua*. *Aconcagua* now has a new General Manager, Oswaldo Fernández, who appears interested in increasing *Pantera* sales and improving *Aconcagua*'s relationship with PROMESA. Mr. Fernández came to a meeting at PROMESA with the acting Sales and Marketing Manager during this evaluation period, to discuss the current relationship and offer some suggestions. In addition, PROMESA's new oral contraceptive product manager is working to develop a better relationship and strategy with another distributor, *Superfarm*, which sell about 100 gross *Pantera* per month. PROMESA reports that they are launching a new incentive strategy with *Superfarm* in June, to encourage their salesmen to sell more *Pantera*. *Superfarm* also distributes *Sultan* and *Preventor*.

PROMESA's five salesmen (two in Asunción, one in Central, one in the east, and one in the south) received training in social marketing and sales from the Sales Director of the social marketing program in Brazil in mid-1998, prior to the launch of *Pantera*. The three salesmen interviewed appeared knowledgeable about their sales regions and dedicated to their jobs. They have monthly sales targets, are paid a commission on all sales, and receive a bonus for each new outlet that they open. Although the salesmen are aware of the goal of expanding the nontraditional sector, they feel that it is financially more beneficial to focus on sales to pharmacies and larger customers than to the smaller, nontraditional outlets. Selling to nontraditional outlets requires that the salesmen spend time

educating the retail owner about the PSMP and motivating him/her to agree to sell condoms.

PROMESA also employs a mobile video unit (MVU) that travels around the country, making scheduled presentations to communities in the Interior to promote safer and responsible sexual behavior. The communicator of the MVU was recently fired due to her resistance to promoting and distributing *Pantera* during the MVU presentations and coordinating with the PROMESA salesman in the region. A new communicator was hired in May 2000, and the evaluation team attended her first presentation, where she promoted and distributed samples of *Pantera*. PROMESA hopes that this strategy will help promote the brand and increase sales.

Visit to Outlets

Visits were made to a total of 60 *Pantera* sales outlets: 30 in the Asunción area including the neighborhoods Obrero, Alto Tacumbú, San Pablo and Hipódromo, and 30 in towns of the Interior including Areguá, Altos, Eusebio Ayala, Santa Helena, San José de Arroyo, Guairá, Coronel Oviedo and the road to Caaguazú. Many of the outlets visited were selected at random by the evaluator and included pharmacies, marketplaces, *despensas* (small grocers), gasoline convenience shops, self-service grocery stores, a bus terminal, and motels.

Approximately half of the outlets that were visited did not carry *Pantera*. Of those, approximately half said that they would sell it if offered to them while the other half said that they would not because people don't ask for *Pantera*. Several sources commented that the Paraguayan retailer culture is to buy only products to sell that his/her customers asks for. Discussion with the distributors confirmed that their own salesmen see *Pantera* as one product among many others and that little effort was made to push a product that the retailer did not ask for.

Many of the smaller outlets and some smaller pharmacies in the Interior were found to have poor product rotation. A common sale to a *despensa* is one dispenser of *Pantera* (24, 2-packs) every two to three months. This situation is unlikely to change unless consumer demand is increased for the product.

Sultan and some *Preventor* condoms were found in many nontraditional outlets that sold *Pantera*. PROMESA salesmen commented that other brands are now taking advantage of PROMESA's efforts to open the nontraditional market. Many of the retailers that carried both *Pantera* and *Sultan* claimed that *Sultan* was the condom of choice and that, although people were aware of *Pantera* from the publicity, they didn't trust it because of its low price. No educational pamphlets by any brands were noted at any outlets.

Marketing

Advertising

According to the advertising and market research firms used by PROMESA, no other condom has had the amount of publicity and promotion in Paraguay that *Pantera* has had. In fact, according to the KAP study conducted at the end of 1998, the 1998 TV and radio campaign succeeded in achieving extremely high brand awareness (82%) with its *Pantera* TV spot, radio jingles (“*Ponete Pantera*”) and point-of-purchase posters. The first campaign, in 1998, had four objectives: 1) to increase condom use as a contraceptive method; 2) to increase condom use in high-risk situations; and 3) to create the habit of buying condoms; and, 4) to create demand for *Pantera*.

In October 1999, a new advertising campaign was launched that included three new radio spots (two in Spanish and one in Guaraní) and one new TV spot (“*Los Piezecitos*”). This campaign was conducted in conjunction with an IEC campaign that included five television testimonials from well-known Paraguayan personalities about pregnancy prevention, abstinence and STI/HIV prevention and 12 radio testimonials (eight in Spanish and four in Guaraní).

Broadcasting on television is very expensive in Paraguay. PROMESA has succeeded in achieving discounts for its advertising and obtaining free air time for educational spots in conjunction with the purchase of *Pantera* spots.

PROMESA has not succeeded in creating significant demand for *Pantera*; that is, in translating brand awareness into product trial and continued use. Limited public demand for *Pantera* has probably contributed to apathy on the part of the wholesalers and retailers to promote *Pantera*. *Nasta Publicidad*, the advertising agency used by PROMESA, *Aconcagua* and *Superfarm* all commented that they were surprised that *Pantera* has resulted in such low demand given all the publicity that PROMESA has invested in it.

PROMESA’s KAP study, conducted in late 1998, allowed for the measurement of the impact of the first advertising campaign. The KAP indicated that *Pantera* was the brand most recognized (82%), followed by *Sultan* (73.4%). PROMESA staff conducted two focus groups in December 1999 (one in Asunción and one in Coronel Oviedo) to assess the results of the second campaign. The focus groups showed that the “umbrella” poster was not effective and the voices in the “*Los Piezecitos*” television spot spoke too fast. PROMESA is currently planning a consumer intercept study to get a profile of *Pantera* users, measure the impact of the most recent advertising and IEC campaigns and validate the price of *Pantera* to the consumer.

Nasta Publicidad suggested that some additional market research would be helpful to explore message recall, assess public opinion regarding *Pantera*, and identify barriers to buying *Pantera* in order to better help them design an advertising strategy. *Nasta* staff also felt that it would be helpful if PROMESA

were to share their sales strategy and *Pantera* sales with them and give them feedback on the results of their second campaign. Their main contact at PROMESA was the Sales and Marketing Manager, whose background was primarily in sales.

Product Promotions

Discounts in price are given to wholesalers and retailers who purchase quantities over five and over 10 dispensers. Incentive items (T-shirts, baseball caps and duffel bags) are also reserved for the larger buying customers. There is currently no incentive for the small retailer to buy *Pantera*.

PROMESA is about to begin a consumer product promotion that consists of a scratch card to identify a prize. Some of the PROMESA salesmen commented that they had suggested some ideas for regional promotions. However, they feel that their ideas have not been heard and that the marketing strategies are targeted more to Asunción.

Point-of-Sale Material

The current *Pantera* dispenser is black and contains 24 two-packs. Many dispensers were observed sitting in a corner on a shelf, or hidden under a counter. In comparison, *Sultan* has recently come out with a large red display stand. PROMESA salesmen said that they had requested a nice display stand of the Sales and Marketing Manager over a year ago. PROMESA reports that work is now underway to produce one in the next month.

The current dispenser size appears too large and too expensive to interest the smaller kiosk retailers and *pancheros*, who have limited space and considerable purchasing limitations.

Visits to outlets revealed that most of the retail shops that sold *Pantera* had at least a sticker and, in some cases, also a poster on display. However, these were usually difficult to locate due to their dark color (black) and the fact that most of the nontraditional outlets were not well lit. Two new blue posters were developed in 1999. One, depicting a couple standing beneath an umbrella, is not being distributed in rural areas because the focus groups conducted in December 1999 indicated that using an umbrella to symbolize protection with a condom was not understood in rural areas. The second poster uses a “stop light” motif on a blue background. This poster was seen in only three outlets in the areas visited in the Interior.

3. Recommendations: Marketing and Distribution

1. PROMESA should revise its condom sales and percent of nontraditional outlets indicators as well as its sales per capita projection and submit these officially to USAID.

2. Continue to improve professional relations with distributor partners and explore a new compensation scheme for PROMESA salesmen that will motivate them to turn over their outlets to the distributors and focus more on opening new nontraditional outlets. Consider using Marcos Frutos, the most experienced and well spoken of PROMESA's salesmen, as a resource in the field for the others.
3. Conduct a strategic planning workshop with PROMESA managers, IEC staff and *Pantera* salesman to define a distribution strategy that will better meet the needs of each of the project's key populations (youth, high risk groups). This meeting could also serve to clarify PROMESA's goals, target groups and definition of social marketing with the managers and staff of PROMESA. All staff should all be able to talk about these with ease.
4. Request or purchase a distribution map from the market research firm ICA to help identify those outlets in each community that have higher product rotation. These should be the outlets that PROMESA salesmen focus on reaching until a general demand is created for *Pantera*. Incentives need to be developed for each distribution channel. Until a demand is created, even the small retailers will need to be motivated.
5. Change the expiration date on the packaging to coincide with the local standard of five years. However, PROMESA salesmen should be aware of the importance of suitable condom storage conditions.
6. Although there was no evidence that the selling price of *Pantera* should be increased, especially given the current economic crisis, PROMESA might want to consider selling *Pantera* in a three-pack for 1,500 Gs., as many of the retailers that were interviewed in the Interior claimed that consumers did not notice that *Pantera* contained two condoms, as opposed to three, as in the other brands. This strategy might help to save on packaging costs.
7. Design and produce a display that draws attention to *Pantera* condoms and reprint stickers and mobiles with florescent eyes so that they stand out.
8. Develop a dispenser that holds 10 packages for the smaller *pancheros* and kiosks.
9. Develop regional promotional strategies that the salesmen suggest such as: handing out free samples at gas stations (should be popular with the scratch cards inside), sponsoring local sporting events (much cheaper than sponsoring a national soccer game), offering prizes for a local radio contest or helping sponsor a *fiesta patronal*. A suggestion made by Aconcagua's General Manager included talking to retailers about promoting *Pantera* (and why they should) and announcing that they could win a prize for doing so. A

“mystery client” could then visit outlets and instantly give the retailer who promotes *Pantera*, a little prize (i.e., key chain, T-shirt, baseball cap). If the retailer doesn’t promote *Pantera*, the “mystery client” announces, “too bad, you could have just won a prize!”

10. Coordinate the visits of the MVU so that, when possible, they correspond with *Pantera* promotional activities in the regions. The MVU schedule should be developed with input from PROMESA’s regional salesmen.
11. Track sales by department, not just by sales zone, and track trends as they relate to advertising campaigns, trade promotions and MVU presentations.
12. Given limited resources, PROMESA should also confirm the most effective means of reaching its target groups. Popular youth radio programs and radio programs that broadcast sports games (males in Paraguay still make the majority of decisions regarding use of condoms) might be good bets. PROMESA could look into the costs of advertising on regional TV stations in the bigger cities, as opposed to national stations.

B. Result 2: Quality and quantity of family planning IEC services are improved

Indicators for this result include: 1) Target populations view regular condom use as responsible behavior; 2) Target populations report condom use with nonregular partner and; 3) Target groups recall contraceptive products benefits.

1. Background/General Comments

Prior to the establishment of PROMESA in 1997, activities and campaigns promoting the use of family planning in Paraguay were few in number and limited in scope. Paraguayan culture is socially conservative, and there has been little open discussion of sexuality, particularly adolescent sexuality. Since 1997, PSI/PROMESA has played a leading role in breaking taboos concerning discussion of sexuality by conducting information, education and communication (IEC) activities at the local and national levels to increase demand for family planning methods in general.

The PSI Social Marketing and Information, Education and Communication Program for Paraguay (PSMP) proposal states that the goal of PSI/PROMESA’s IEC campaigns is to “increase the knowledge and quantity of information and knowledge of family planning methods among consumers and providers, and to translate that knowledge into contraceptive use” target groups. PSI/PROMESA changed its target groups in late 1999, narrowing its focus from all Paraguayans of reproductive age in rural and periurban areas to: (1) youth aged 15-24 in rural

and periurban areas and (2) low-income adults aged 25-34 in all areas (urban, periurban and rural). PSI/PROMESA's 2000 Workplan also identifies high risk persons such as commercial sex workers and their clients, truck drivers, and soldiers, as a third target group.

PSI/PROMESA's IEC activities make use of both interpersonal communication and mass media and include:

- Printed materials distributed through the MVU and *Arte y Parte* presentations;
- Radio spots promoting family planning use;
- Educational television spots, including spots featuring Paraguayan celebrities promoting condom use;
- Mobile Video Unit (MVU) presentations;
- Family planning and reproductive health workshops in community organizations (limited number, in 1999 only)
- Reproductive health counseling workshops for providers (limited number, in two departments in 1999 only)

The 2000 workplan notes that PROMESA also will support the following new IEC activities:

- Launch website providing reproductive health information;
- Produce television "debate" show to be aired in prime time;
- Hold "Concierto de la Vida";
- Train journalists and opinion leaders about reproductive health topics;
- Conduct meetings with groups of professionals such as pharmacists, laboratories and pharmaceutical distributors;
- Place IEC messages in bulletins and journals of the above professionals;
- Establish telephone hotline to answer reproductive health questions;
- Conduct STD-related IEC activities addressed specifically to commercial sex workers.

Most of the above activities were scheduled to begin in the first six months of 2000. The last two activities, the hotline and IEC for commercial sex workers, are scheduled to be launched in July-September. However, PROMESA reports that it currently has inadequate funds to launch the telephone hotline. The IEC activities for commercial sex workers have been rescheduled for December 2000-January 2001.

- **Arte y Parte**

In addition to the above IEC activities, PROMESA has a program specifically designed to reach adolescents, *Arte y Parte*. The project is very popular locally,

with presentations booked months in advance. *Arte y Parte* includes a wide variety of IEC activities:

- Street theater presentations;
- School-based reproductive health workshops;
- Radio program by *Arte y Parte* teens for adolescents, “*Con S de Sexo*,” broadcast on two radio stations;
- “Infosex” news flashes on “*Con S de Sexo*”
- Question-and-answer column in a popular teen magazine;
- “*Hablemos Claro Sobre Sexualidad*” booklet for adolescents on sexuality and reproductive health;
- Television spots;
- Development of three videos about: (1) contraception, (2) sexually transmitted diseases, and (3) negotiation in relationships;
- Promotional items such as T-shirts, stickers and wristbands.

The *Arte y Parte* project was designed to: (1) increase knowledge about sexual and reproductive health issues among adolescents aged 15-19 in order to promote responsible sexual behavior, and (2) to increase the communication and negotiation skills related to sexual and reproductive health issues. This evaluation report does not assess in detail the implementation or impact of *Arte y Parte*, as a thorough evaluation of its reach and impact was conducted in October 1999 by Tulane University as part of the USAID-funded FOCUS on Young Adults Project.

The FOCUS evaluation deemed *Arte y Parte* “moderately successful” overall. A high proportion of youth in the target areas, almost 44%, were reached by at least one *Arte y Parte* activity/product. The evaluation stressed that a major contribution of the project was its role in the weakening of social taboos against open discussion of adolescent sexuality and reproductive health issues in Paraguay. The project was not as successful in reaching low socioeconomic status and out-of-school adolescents as it was in reaching middle-income in-school youth. The project increased adolescents’ levels of knowledge of selected sexual/reproductive issues, as well as a few attitudes and beliefs concerning responsible sexual behavior. However, the range of attitudes and beliefs on which significant changes were observed was narrower than hoped for. There was no clear evidence of sexual and contraceptive behavior change as a result of *Arte y Parte*. Such behavior is very difficult to change, and the lack of impact on behavior is not surprising given the project’s broadly defined target group. The recommendations from the FOCUS/Tulane University *Arte y Parte* evaluation final report are included in Appendix 3.

2. Findings: IEC

- **Printed Materials**

PROMESA produces a series of about five flyers or pamphlets of one to four pages each. The flyers and pamphlets contain drawings and text, and each addresses a theme such as sexually transmitted infections, the condom or the general use of family planning. These printed materials are distributed to individuals during Mobile Video Unit (MVU) presentations. A pamphlet promoting *Pantera* also contains some generic IEC information. Printed materials have not been revised in scope or focus since PROMESA changed its target groups in 1999.

The written materials honestly address questions about sexuality without using euphemisms or avoiding sensitive topics. They use simple language and are accurate and informative. Unfortunately, the pamphlets are not widely distributed outside the MVU presentations, and many persons receiving the materials at MVU presentations are not in PROMESA's target groups.

For its *Arte y Parte* project, PROMESA produces printed materials intended for both individuals and mass media, such as informative pamphlets for adolescents, the magazine question and answer newspaper column and the sexuality booklet *Hablemos Claro Sobre Sexualidad*. The evaluation notes that the *Arte y Parte* pamphlet depicts an circumcised penis. This may be inappropriate for the Paraguayan context, where male circumcision is rare. PROMESA reports that it uses PSI IEC materials that were developed for use elsewhere in Latin America. However, male circumcision is not routinely performed in any Latin American country.

Mass Media

Radio

PROMESA has developed radio spots with reproductive health messages that are broadcast in Spanish in urban and periurban areas, and in Guaraní and Jopará for periurban and rural audiences. The radio spots are broadcast nationwide on 20 radio stations. Each spot lasts an average of 45 seconds. In each, a man or woman speaks in the first person, giving a clear message promoting contraceptive use and reproductive health.

Television

PROMESA has developed two types of television spots. Five "testimonials" are narrated by Paraguayan celebrities, identified in focus groups as persons from whom family planning messages would be respected, and touch on three general themes: abstinence, condom use, and fidelity within relationships. The testimonials are professionally produced, and their messages were clear and direct. In addition, two animated spots advertising *Pantera* condoms also contain

generic family planning messages. In 1999, the testimonials were broadcast for three months, 3-4 times per day, on national television channels with high numbers of viewers.

Due to its high cost, PROMESA decided not to make use of television for its IEC activities in 2000. However, the testimonials created for television broadcast are being shown during Mobile Video Unit presentations.

- **Mobile Video Unit (MVU)**

The MVU is a four-wheel-drive vehicle outfitted with audiovisual equipment and staffed by a health communicator. The communicator presents a combination of entertaining and educational materials about family planning and other aspects of reproductive health. Since late 1999, the MVU has also promoted and distributed *Pantera* condoms. The MVU presentations are made largely in rural and low-income periurban areas where mass media are less likely to reach.

The PSMP proposal and the 1999 workplan state that the MVU will visit 20 sites per month. The number of persons the MVU aims to reach is unclear. The PSMP proposal states that the MVU will reach 5,000-8,000 persons per month, while the 1999 workplan states it will reach 3,000-4,000 persons per month. The 2000 workplan states that the MVU will reach 25,000 rural persons (or just 2,083 persons/month) in 175 presentations in 2000.

In 1999, the MVU made 171 presentations, or an average of 14 per month, reaching approximately 19,060 persons, or 1,588 per month. In comparison to PROMESA's other IEC activities, MVU costs are estimated to be high relative to the number of persons reached. The vehicle and its shipping to Paraguay cost \$30,000. The cost of the audiovisual equipment and electrical generator, purchased in and shipped from the U.S., was approximately \$20,000. The monthly cost of operating the MVU is approximately \$2,113.00. Thus, PROMESA is spending over \$25,356 per year to operate the MVU, excluding vehicle and equipment purchase costs. See Appendix 4 for MVU cost details.

MVU Site Visit

The evaluation team visited a MVU presentation in a low-income periurban neighborhood of Asuncion. About half the audience of about 100 persons at the presentation consisted of young children and adults over age 35. The MVU driver confirmed that the high number of young children in attendance is typical. A PROMESA staff suggested that adolescents, PROMESA's primary target group, may still be in school or on their way home in the early evening.

After starting off the presentation with a series of musical videos, a Spanish-language foreign educational video about sexually transmitted diseases (STDs) was shown. The video included interviews with people in the street about their beliefs about STDs. Then, a medical doctor provided factual information about

STDS. The video also depicted diagrams of male and female reproductive organs. In this section, the penises depicted were circumcised. (Male circumcision is very rare in Paraguay and all Latin American countries.)

After the video, the newly hired coordinator of the MVU talked to the audience about STDs. She was dynamic, comfortable in front of a crowd, and effective at eliciting audience participation. However, she did not clarify or correct incorrect beliefs expressed by persons interviewed earlier in the video, even when an audience member repeated one of the misconceptions.

The MVU audience responded particularly enthusiastically to a Paraguayan video produced by PROMESA about how to put on a condom correctly that was in Jópara (a mixture of Spanish and Guaraní). Other materials used were not produced in Paraguay.

- **Technical Errors in IEC Activities**

The evaluation team noted that the MVU coordinator made a few incorrect statements during the observed presentation. For example, she stated that people should go to a health clinic regularly to get blood tests to prevent STDs. In addition, she failed to correct or clarify a couple of incorrect statements from the audience given in response to her queries.

Another technical error was noted during a Saturday morning *Arte y Parte* radio program the evaluation team listened to. The *Arte y Parte* youth announcer incorrectly told the radio audience that a Paraguayan man must obtain his wife's permission to obtain a vasectomy. The Ministry of Health's manual of family planning norms, a copy of which is located in PROMESA's library, contains no mention of such a restriction.

- **Monitoring and Evaluation of IEC Activities**

The PSMP proposal stresses that all PROMESA activities will be continually monitored and evaluated. However, limited monitoring and evaluation of IEC activities have been conducted. While one manager developed her own monitoring system to track her project's activities, there has been no overall organizational system of monitoring or evaluating IEC activities. Very recently, in the second quarter of 2000, PROMESA developed a monitoring plan with an activities matrix in response to AID's suggestions but no evaluations have assessed the impact of IEC activities other than *Arte y Parte*'s. Periodic evaluation is important to verify the immediate impact of activities. If PSI/PROMESA evaluates only the long-term impact of its IEC activities at the end of the 4-year PSMP, an opportunity to measure a possible short-term effects will have been lost. It is important to know if audiences understand PROMESA's IEC messages upon hearing them, even if retention of the message is not long-lasting.

3. Recommendations: IEC

1. Given the MVU's high cost, PROMESA may want to reconsider its use, or at least modify the strategy of its presentations to general audiences. Perhaps MVU presentations could be made in locations where more members of PSI/ PROMESA's target groups would be present. Selecting the intended audience more carefully, as *Arte y Parte* does by focusing on a captive audience of adolescents in high schools, would help ensure that the MVU reaches its target audience of adolescents in rural and periurban areas, adults aged 25-35, and high risk groups.
2. PROMESA should reexamine its IEC materials to determine if they are effectively targeting its primary target group of adolescents. Print and radio IEC could be modified to appeal specifically to this age group.
3. Considerable care should be taken using materials developed in other countries for all IEC activities. For example, both printed and video materials depicting males with circumcised penises may be inappropriate in Paraguay. (The IEC manager has indicated concern for this issue; she recently decided to stop using a video depicting an indigenous Bolivian couple discussing reproductive health due to negative reception from Paraguayan audiences.)
4. PROMESA should guard more carefully against technical errors in its products and materials. So that staff have the skills to review materials and verify their completeness and accuracy, PSI/PROMESA should ensure that that MVU coordinator, as well as other staff who work in the area of IEC, receive some basic training in reproductive health and have ample access to materials and information. PROMESA is handicapped by its dearth of staff members with academic training in reproductive health. However, access to and review of informational materials could help PROMESA avoid technical errors in its IEC materials. Informational materials are available in Paraguay but could also be accessed from PSI/Washington or via the internet.
5. There is a need for some simple monitoring and evaluation to help assess the appropriateness of the IEC strategies. This information could help PROMESA develop a long term IEC strategy, expanding those activities with the greatest impact, modifying others, and eliminating or narrowing the scope of the least successful activities.

C. Result 3: PROMESA institutionalized and progressively sustainable

Indicators for this result include: 1) institutional base established and; 2) financial strategies instituted.

1. Background

PSI established PROMESA in 1997 as an NGO dedicated to social marketing. The PSMP proposal stated that PSI would develop within PROMESA the “systems, structures and linkages that together constitute the institutional base of a strong...organization.” A Board of Directors, with the Program Director as president, was established to provide guidance to the NGO as it grew and developed. After four years, the Executive Director’s responsibilities should be transitioned to a Paraguayan, with PSI continuing to provide technical support to PROMESA after this transition.

The PSMP proposal notes that institutionalization encompasses various components: management systems, administrative and financial systems, human resources, external relations, and governance. PSI’s management philosophy is characterized by: commitment to collaborative interaction with public and private sector organizations; dedication to the transfer of social marketing technology and management skills to local partners; and experienced field management, and technical and administrative support systems.

The PSMP proposal states that the foundations of financial sustainability derive from entrepreneurial revenues, donor funding and cost management, the former two deriving fundamentally from entrepreneurial and institutional strength, respectively, while cost management determines the required level of resource generation. It is important to note that sustainability in the PSMP does not refer only to financial sustainability but rather to a combination of programmatic, financial and institutional factors that lead to achieving public health impact over time. Strengthening local capacity to implement quality programs is just as important to increasing PROMESA’s sustainability as are financial resources.

The original PSMP proposed a design that would not only make the PSMP condom, *Pantera*, sustainable, but also move PROMESA toward increased sustainability over ten years. Revenues from sales of the social marketed *Pantera* were to provide the financial base, but the strategy also called for the introduction of products compatible with PROMESA’s distribution channels, cost-saving measures, fees for service, creative merchandising and identification of additional donors to help ensure the future financial viability of PROMESA.

The PSMP financial model proposes a cost recovery of 19%, fund balance of the capital development fund equal to US\$345,000. and a solvency ratio (the ratio of cash on hand to current liabilities) ≥ 2 by the end of the agreement period. PROMESA revised its financial model in 1999 based on 100% brand ownership

but with lower sales indicators. This revision was never officially submitted to USAID.

In December 1999, PROMESA revised its sustainability plan, using an evaluation method called PRISMM, and produced a new plan for 2000-2004. While PSI's cooperative agreement with USAID ends in 2001, when a Paraguayan national should take over leadership of PROMESA, the sustainability plan did not note this transfer.

In 1998, Paraguay was added to PSI's portfolio of countries under the "Sustainability Matching Grant," a three-year grant awarded to PSI by USAID to define sustainability in a social marketing context. Matching grant support has provided PROMESA with institutional analysis, planning and development assistance. The grant period ends September 30, 2000.

2. Institutionalization

a. Findings: Institutionalization

- **External Image**

PROMESA has been a groundbreaking organization in Paraguay and is unique in Paraguay in doing the work it does. Its contribution of breaking societal taboos against talking openly and directly about sexuality, particularly with adolescents, cannot be overemphasized. In particular, the adolescent project *Arte y Parte* has been unique in Paraguay in its focus on honest communication about sex and sexuality with adolescents. Persons interviewed commented that *Arte y Parte*, generic IEC and *Pantera* ads all have influenced other organizations' and companies' methods of communicating and marketing.

However, PROMESA is still a young organization, and public awareness of PROMESA as an institution is not yet widespread. PROMESA staff, Board of Directors members, consultants who have worked with PROMESA, and donors commented that people have heard of *Pantera* condoms and of *Arte y Parte*, but they do not link them to PROMESA. Interviewees suggested that PROMESA needs to market itself to the public more effectively, so that its products and activities are perceived as PROMESA outputs. For example, PROMESA is not acknowledged as the author and publisher of the adolescent sexuality booklet "*Hablemos Claro Sobre Sexualidad*." A PROMESA logo appears on the back of the booklet amidst the logos of organizations who supported the booklet, but nowhere is PROMESA identified as responsible for the booklet's content.

In 1999 there was considerable effort placed on promoting PROMESA in the press. The launching of *Arte y Parte* also helped PROMESA develop a good relationship with the Paraguayan press. However, in the past six months, with the

departure of the former IEC coordinator in December 1999, interviewees commented that there has been less contact with the press, and the organization's prominent position in the public eye has diminished somewhat as a result.

- **Internal Sustainability**

Since its creation in 1997, PROMESA has grown into an organization of 22 employees. Since the organization's inception, considerable attention has been given to building an internal structure, developing an identity and objectives, and defining policies and procedures. PROMESA has implemented numerous activities to address sustainability, including: developing a mission and logo; implementing a public relations plan, developing printed materials describing the organization and its activities; and getting media coverage of its activities.

PROMESA has an informal structure and management style. A strength of PROMESA's informality is that employees are given the freedom to manage their own time and projects without excessive oversight. Division managers report that the director is open to staff input and seriously considers managers' suggestions when offered. PROMESA employees are creative and motivated and are crucial to the organization's successes. However, most are young and still developing their leadership and management skills. Employees at all levels commented that they could benefit from more hands-on guidance in carrying out their responsibilities.

The PSMP was designed to be a joint effort of PSI and PROMESA, and one of PROMESA's strengths is its relationship with the experienced and well-established PSI. PSI staff have made numerous trips to Paraguay to offer short-term training and technical assistance. However, less formal communication links between PROMESA staff and PSI are weak. The Executive Director is in close contact with PSI/Washington, but PROMESA staff have limited direct communication with PSI/DC. Despite the available expertise at PSI/Washington, PROMESA staff are not in the habit of directly seeking technical assistance from that office when the Executive Director cannot provide the needed assistance. Until recently informal communication between PROMESA and PSI/Washington was hampered by the fact that few PROMESA staff had access to the internet. Since August, 2000 however, all staff have had access to internet; this should facilitate considerably communication between the two offices.

PROMESA is a young organization and thus still in the process of building internal cohesion and an institutional identity. Within PROMESA there is clear segmentation based on the organization's different projects, and many staff identify more with their project than with overall goals of PROMESA. Most employees below the manager level (and some of the division managers) are poorly informed about what projects other than their own are doing.

Most of the staff commented that communication between the director and lower level staff, and between division managers and other staff could be improved. Division managers have regular contact with the director in weekly meetings. Other staff, on the other hand, have very limited interaction with the director, as all-staff meetings are held only a couple of times per year. Many staff have poor understanding of PROMESA's goals and objectives. When asked, most staff, including several division managers, could not identify PROMESA's target groups. Nor were many staff (other than division managers) able to define the concept of social marketing.

PROMESA has made clear efforts to strengthen and formalize its structure. In March 1999, the organization contracted with a human resources consultant company, JOBS, to develop a personnel manual to standardize policies and procedures. JOBS also helped write job definitions, revise the organizational chart, and develop a training plan. However, some staff do not seem aware of the manual's contents; nor does its use seem well integrated into PROMESA. In practice, some policies and guidelines are unclear. For example, the manual fails to offer guidelines for employees' dismissals. Guidelines are needed to guarantee that issues of high priority or that require immediate response are handled expeditiously. PROMESA staff interviewed expressed concern that decisions requiring quick responses from management are frequently delayed.

One of PROMESA's strengths is its dedicated staff. Numerous interviewees commented that PROMESA staff are hard-working, professional and committed to social change. However, PROMESA's staff are young and still developing their job skills. In response to staff needs, PROMESA developed a training plan for the year 2000, with assistance from JOBS. Several staff members, mainly division managers, have received training in recent months. The training plan indicates that other staff, such as *Pantera* salesmen, are scheduled to receive training. Staff who participated in training reported that it helped improve their skills in the workplace and also motivated them.

Training in a few technical areas is still lacking, however. For example, the financial and administrative manager feels that she has only limited knowledge of Quick Books, the financial management software she uses. Only one PROMESA employee has received any training in how to write proposals. An important aspect of PROMESA's quest for financial sustainability is diversification of funding, and developing key staff's skills in the development and writing of grants would facilitate this process.

In a little over one year, PROMESA is scheduled to have its first Paraguayan director. It does not appear that the organization has begun seriously planning for this major transition. It is not apparent that a current employee is being prepared for the position, nor has there been formal discussion of the difficulties and challenges that PROMESA will face in the transition. Several persons interviewed commented the opinion that none of PROMESA's current staff

members were ready to take on the Executive Director position and that the position would need to be filled from outside the organization. A division manager at PROMESA reiterated this opinion.

The evaluation team interviewed four members of PROMESA's Board of Directors. The members are all pleased with PROMESA's growth and development and proud to be associated with the organization. However, all would like to feel more involved in major decisions made by PROMESA and more informed about PROMESA activities. Members expressed that they would like to be involved in major decisions, such as staff firings for example, or at least informed *a priori*. Building a good relationship with the Board is traditionally very helpful in terms of institutional development due to members' connections as individuals that help promote PROMESA's image.

b. Recommendations: Institutionalization

1. PROMESA should hold meetings of all staff on a regular basis, at least once per month. This would help create a sense of unity as an organization and help ensure that all employees are aware of PROMESA's mission and full range of activities. These meetings could also help improve communication within PROMESA.
2. As suggested by the human resources consultant, JOBS, PROMESA should ensure that all of its products and activities are clearly identified as PROMESA outputs. For example, printed materials should clearly display the PROMESA logo. This would help PROMESA develop a clearer image in the eyes of the public, donors and other NGOs. (As of September 1, 2000, PROMESA had already begun to institute this change.)
3. PROMESA should reinvigorate its efforts to maintain an active relationship with the local press to help ensure increased coverage of PROMESA activities. Maintaining a more active and positive relationship with the press could help PROMESA reach a wider audience and broaden its impact.
4. PROMESA, as a young organization still in the process of formation, could benefit from a more hands-on style of leadership. Closer guidance and direction would help PSI/PROMESA employees be more focused and effective in fulfilling their responsibilities.
5. PSI/Washington is a valuable source of information and assistance for PROMESA, and staff should be encouraged to establish e-mail communication with staff in Washington and consider PSI/Washington as a source of assistance when needed information is not available locally.

6. It is imperative that all PROMESA employees, from division managers to staff who package condoms, be aware of PROMESA's mission and target groups.
7. In the upcoming year, PROMESA should begin developing a plan for the organization's transition to Paraguayan leadership, specifying when and how this will take place. The plan should specify the specific types of technical assistance from PSI that would be most helpful in the transition.

3. Sustainability

a. Findings: Sustainability

- **Financial Status**

The cost recovery figures in Table 3 result from dividing total revenues, including income received from USAID and non-USAID donors, by total expenses. Total expenses include all expenses of all projects, including micronutrients and adolescent IEC, and not just those of condom social marketing.

Table 3: PROMESA Cost Recovery

Lower Level Result	Indicator	%Cost Recovery	Year 1 (97-98)	Year 2 (98-99)	Year 3 (99-00)	Year 4 (00-01)
Result 1: <i>PROMESA institutionalized and progressively sustainable</i>	No. 2: <i>Financial strategies institutionalized</i>	Target	3 %	10%	16%	19%
		Actual	2.7%	4.3%	5.1% (6 mos.)	

Year 1 represents an entire year of expenses but only two months of condom revenues, as *Pantera* was launched in September, 1998. The 1998-99 cost recovery goal originally proposed by PSI for PROMESA was 10%. PROMESA achieved only 4.3% due to lower than expected condom sales, the lack of cross-subsidy products introduced in 1999, the low revenue base from the first year, and the increase in expenses due to the implementation of micronutrient, non-revenue producing communications projects in 1998 and 1999.

At the end of the first six months of Year 3, PROMESA's cost recovery stands at 5.1%. This rate is expected to increase by the end of 2000, with increased sales of *Pantera* and with the introduction of the multivitamin *VitalDía* and an oral contraceptive. PROMESA estimates that *VitalDía* and the oral contraceptive will

bring in approximately US\$60,000 each in net revenues during their first 12 months on the market.

Table 4 indicates PROMESA's condom revenues. *Pantera* revenues (total revenues less sales commissions) have exceeded the PSMP proposal forecasts in both Year 2 and Year 3 due to PROMESA owning the brand and therefore, keeping 100% of revenues.

Table 4: *Pantera* Condom Net Revenues

Lower Level Result	Indicator	Condom Revenues	Year 1 (97-98)	Year 2 (98-99)	Year 3 (99-00)	Year 4 (00-01)
Result 1: <i>PROMESA institutionalized and progressively sustainable</i>	No. 2: <i>Financial strategies institutionalized</i>	Target	\$22,150	\$30,234	\$39,682	\$51,250
		Actual	\$12,025 (2 mos.)	\$46,388	\$26,135 (6 mos.)	

In addition to PSI's original counterpart contribution of US\$200,000, PSI/PROMESA has raised, as of March 2000, US\$486,822 from non-USAID sources. PSI also received \$352,719 through USAID's FOCUS on Young Adults program between 1997 and 1999 and US\$206,139. through USAID's Sustainability Matching Grant project.

- **Financial Strategy**

PROMESA's financial sustainability depends on its ability to develop alternative streams of income, maximize cost efficiency and remain solvent. The following strategies for financial sustainability were proposed in the PSMP:

- 1. *Establish revolving fund for revenues***

Income from *Pantera* sales totaled US\$84,548. by the end of March 2000. And, while PROMESA's condom revenues exceed the projection for condom revenues at this date, overall revenues are low. This is due to the fact that no cross-subsidy products have been introduced to the market yet.

- 2. *Conduct feasibility studies to identify potential cross-subsidy products***

PROMESA is behind schedule in launching cross-subsidy products. PROMESA commented that several factors have slowed the launching of cross-subsidy products. First, identifying high margin, cross-subsidy products has been difficult for PROMESA as products produced locally and from neighboring Brazil and Argentina are readily available in Paraguay at affordable prices. In addition, a

feasibility study conducted by an outside agency has taken longer than expected, and registering new products in Paraguay is a lengthy process.

PROMESA states that it will have three cross-subsidy products on the market by the end of Year 4. As a result of feasibility study results, PROMESA is planning to market *VitalDía* multivitamins this year and flavored oral rehydration salts (ORS) in 2001. It will also market the female condom in FY2001. PROMESA is also considering the possibility of marketing a pap smear kit, as described in the proposal.

PROMESA has decided to sell *VitalDía* at the low end of the price scale in order to make it accessible to most women of reproductive age. Revenues will cover commodity and packaging costs and, since it will require some investment in advertising and promotion, will only make a small contribution to PROMESA's overhead. It was not clear at the time of the evaluation if PROMESA plans to introduce any cross-subsidy products that will make a substantial contribution to its revenue account.

3. *Receive fees for services and merchandise*

PROMESA's only revenue generated by fees for service and merchandise has been US\$1,558. received for conducting reproductive health seminars in private schools and selling blue jeans, soccer balls and T-shirts with the *Pantera* logo. In 2000-2001, PROMESA plans to formally offer reproductive health seminars in private high schools for a profit. In addition, PROMESA is considering selling advertising space on its Mobile Video Unit.

4. *Achieve donor diversification*

PSI/PROMESA's reliance on USAID as its main donor has decreased from 94% in 1997 to 82% in 2000. To date, USAID funding totals US\$3,075,830, and non-USAID donor funding totals US\$466,822. PSI has received funding from a variety of international donors including, The Bergstrom Foundation (three separate grants, including one to introduce a social marketed oral contraceptive), The Weyerhaeuser Family Foundation, Campbell-Hall Charity Fund and The Brush Foundation. Most of these grants were relatively small in size and were awarded to PSI for activities in Paraguay. Locally, PROMESA has received several small grants from UNICEF and the Fundación Ricardo Boettner.

5. *Implement cost-saving measures*

PROMESA has begun to institute some cost-saving measures including: control of usage of telephone, cellular phone and office supplies; negotiating media discounts for advertising and promotion; obtaining free radio spots for airing generic family planning messages for every *Pantera* spot sold; improving geographic coordination of MVU presentations; and conducting its own focus

groups to validate product messages. However, while training PROMESA staff to conduct focus groups may lower costs, the quality of the focus group facilitation and data analysis is almost certain to be of questionable quality. PROMESA was not able to achieve duty-free status for its non-USAID products.

- **Financial Management and Systems**

PROMESA hired a local accounting consultant in 1998 to establish its financial operating system, provide accounting services, and train and supervise someone to take over the accounting responsibility of the organization. This arrangement ended in December 1999, when PROMESA felt sufficiently prepared to carry out its own financial management without outside supervision.

PROMESA uses QuickBooks accounting software package, utilized by PSI worldwide, follows the practices outlined in the PSI Financial Manual and utilizes standard accounting controls. PROMESA has also installed an accounting system that corresponds to local accounting practices. PROMESA's Administrator has been trained in the basic use of QuickBooks and has expressed the desire for more extensive training. She enters the financial data into the system, but any changes in data entry can only be done by PROMESA's Executive Director.

In August 1998, PSI Systems Analyst Neil Boisen spent a week in Paraguay setting up a Sales Information System within QuickBooks and training PROMESA staff in its implementation. Sales data are entered in the Accounting Department but can be shared with others such as the Marketing and Sales Manager and Executive Director. The system allows the data to be analyzed in a variety of ways such as by salesman, by region and by outlet type. This tool allows PROMESA to monitor sales trends and make needed changes in sales management.

In October 1998, PSI Financial Consultant Peg Bartel provided technical assistance to PROMESA under the Sustainability Matching Grant in cost and revenue analysis. This skill has been transferred to PROMESA's Organizational Development Manager who analyzes costs and revenues and tracks cost recovery. Until now however, this information has not been sufficiently utilized in the planning phases of marketing and sales activities.

The Executive Director makes all financial decisions of the organization with input from the department managers. He then provides the division managers with an annual budget with which to plan their activities. Each manager manages his or her budget according to the annual workplan, consulting with the Executive Director for large expenditures and changes in activities. Division managers may not yet be comfortable with the level of financial responsibility they have. The

Executive Director reports that managers sometimes unnecessarily request permission for small expenditures.

It is notable that while PROMESA has a financial administrator charged with the organization's financial and accounting responsibilities, her responsibilities are limited. For example, the financial administrator said that she does not have copies of the Financial Status Reports. These are kept by the Executive Director, and financial administrator does not have access to them in his absence.

PROMESA had an annual audit conducted by Ernst & Young for 1998. The audit made 24 recommendations, and PROMESA reports that all but two of the audit suggestions were implemented within three months. PROMESA is currently awaiting the 1999 audit report.

b. Recommendations: Sustainability

1. PROMESA needs to present officially a revised financial plan with new financial indicators and detailed explanations for any changes to USAID/Paraguay. It should consider preparing comparative cost recovery figures for all projects as well as separate figures for social marketing projects.
2. Net revenues from the sale of cross-subsidy products (gross revenues less cost of goods sold) are a crucial tool to cover the cost of core condom social marketing activities and help supplement USAID funds.

PROMESA needs to clarify its definition of a cross-subsidy product and price products accordingly. If a product is intended to generate income to help support the social marketed products, it should be priced competitively rather than given a deliberately low price in order to reach the low-income populations that the social marketed products aim to reach. PROMESA needs to be more aggressive in introducing cross-subsidy products that will render a higher profit margin. Some possible options include:

- a) Exploring the possibility of distributing other pharmaceutical or mass consumer products on a commission basis, especially to rural areas, for international laboratories and/or local laboratories that will be involved in the production of PROMESA's oral contraceptives and multivitamins.
 - b) Reviewing the feasibility study results again. Are there any possible cross-subsidy products that respond to a niche market, do not require a major investment in advertising and promotion and would generate income that would help cover some general costs of the organization?
3. PROMESA should strengthen its efforts to promote its image through more and continued press coverage, collaborations with other NGO and MOH

efforts, etc. This will help attract additional donor funding for PROMESA as a local NGO, thereby contributing to its sustainability.

4. PROMESA needs to take a harder look at how it can reduce its operating costs. It might consider: developing a *Pantera* three-pack instead of the existing two-pack; reducing the quality of paper used for printing materials (the best is nice but not always necessary); invest more in local promotional activities rather than national or Asunción-oriented ones; and pursue selling advertising time on its MVU to commercial distributors, for example.
5. Future sustainability assessment should include a measure of the effectiveness and cost efficiency of various activities, including mass media advertising, *Arte y Parte*, MVU, etc., against other interventions.

APPENDIX 1: List of Persons Interviewed

PROMESA

David Olson, Executive Director
Sonia Marchewska, IEC Manager
Patricia Aguilar, *Arte y Parte* Coordinator
María Inés López, Micronutrients Coordinator
Edgar Colmán, Organizational Development Manager
Susana Nuñez, Administrator/Accountant
Lone Schack, Secretary
Juan Carlos Ferreira, Sales/Marketing Manager
Marcos Frutos, Carlos Oviedo, Roberto Bernal, Salesmen
Santiago Amarilla, MVU Driver
Santiago Frutos, Driver

PROMESA Board of Directors

Cristina Da Re, President
Magaly Avila, Vice President
Marina Petrovic, Treasurer
Blanca Villalba de Servian, Secretary

Ministry of Health

Vicente Bataglia Doldán, General Director of Health Programs
Mirta Benitez, IEC Coordinator

USAID

Gerald Barth
Graciela Avila

ICA (Market Research Firm)

Enrique Chase
Sergio Chase

Nasta Publicidad

Marcos Acosta
Jorge Paglieri

Aconcagua (PANTERA distributor)

Oswaldo Fernández, Sales Manager
Luis Alderete, New Marketing Manager

SuperFarm (PANTERA distributor)

César Arrúa Colmán, Commercial Manager

Others

Sandra Benitez, Financial Consultant

Jasmín Mendoza, JOBS (human resources consultant)

Rocio Galiano, public relations consultant

Rosa Javaloyes, Johns Hopkins University/CCP Representative in Paraguay

Gladys Monzon, ex-Sales Manager, Aconcagua

Tana Schémbori and Juan Carlos Maneglia, TV/Video P

APPENDIX 2: Documents Reviewed

1. PSI Paraguay Social Marketing Project Proposal to USAID (April, 1997)
2. USAID-PSI Cooperative Agreement (9/30/97)
3. Amendment to the Paraguay Social Marketing Proposal (4/1/98)
4. Personnel Training Plans for 1999 and 2000
5. Selection of printed information, education, and communication (IEC) materials
6. Final Report: Encuesta Nacional de Salud Materno-Infantil: 1998. CEPEP and CDC, 1999.
7. ICA Store Audits:
 - August/September 1999
 - October/November 1999
 - January/February 2000
8. PROMESA Sustainability Strategic Plan 2000-2004
9. PROMESA Workplan for 2000
10. PROMESA Sustainability Matching Grant Mid-Term Evaluation
11. PRISSM – PROMESA 1998 and 1999
12. Selection of PROMESA Quarterly Reports to USAID

APPENDIX 3: FOCUS/Tulane University's Recommendations for the *Arte y Parte* Project

- (1) The weekly radio program “Con S de Sexo” should continue. However, it is important that the program remain of professional quality if it is to continue to be effective. It is also recommended that efforts be made to air the program on stations that have greater reach of lower economic status/out-of-school youth (e.g., popular Latin music stations).
- (2) Given its low level of recall among youth, continuing the “Infosex” would not seem to be an effective use of scarce resources.
- (3) Consideration should be given to developing a radio soap opera, preferably incorporating Guaraní, in which adolescent sexual/reproductive health issues and themes are addressed.
- (4) The use of mass media needs to continue to be reinforced by interpersonal communications activities and vice versa. *Arte y Parte* was positioned as a product, and promotional items and sponsorships are needed to keep the name alive.
- (5) If PROMESA is not able to undertake more intensive and continuous interventions in the future, it should consider teaming with other groups/organizations (e.g., the Municipality’s adolescent reproductive health project) that can take advantage of *Arte y Parte* products.
- (6) The *Arte y Parte* Coordinator should concentrate on creating linkages with community groups to better reach lower income, out-of-school youth.
- (7) Street theatre for the current audiences should be discontinued. However, this modality is potentially important to reach low-income audiences and audiences in other parts of the country. It might be the case that the same level of quality is not needed in other settings as was required in Asuncion, thus reducing the costs involved.
- (8) Ways should be found for local institutions/groups to have more ownership of *Arte y Parte*. This would both contribute to its sustainability and free-up some of the *Arte y Parte* Coordinator’s time to concentrate on lower income audiences.
- (9) PROMESA needs to define a future role for *Arte y Parte*. While it can potentially provide an important service to Paraguayan society, a clear vision and set of expectations are needed in order for the *Arte y Parte* brand name to serve such a purpose. The recently completed *Arte y Parte* replication manual may be used in conjunction with PROMESA technical

assistance to replicate useful ideas both within and outside Paraguay in the future.

APPENDIX 4: Monthly Operating Costs of Mobile Video Unit

716 (communicator salary)
449 (driver salary)
578 (vehicle fuel & maintenance)
370 (per diem for communicator & driver)
\$2113 (TOTAL)